



February 26, 1999

SENATE BILL No. 289

DIGEST OF SB 289 (Updated February 25, 1999 5:26 pm - DI 51)

Citations Affected: IC 27-1.

Synopsis: Health insurance claims recoding. Provides that for purposes of analyzing health care service claims, to recode means to change a code used on a claim for covered services to a different classification code. Requires the administrator or insurer to notify the provider and insured that the insurer or administrator has recoded the claim and to provide certain additional specified information.

Effective: July 1, 1999.

Miller

January 7, 1999, read first time and referred to Committee on Health and Provider Services.
February 25, 1999, amended, reported favorably — Do Pass.

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SB 289—LS 7404/DI 97+



February 26, 1999

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

SENATE BILL No. 289

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 27-1-25-1 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 1. As used in this
3 chapter:
4 (a) "Administrator", **except as provided in section 7.5 of this**
5 **chapter**, means a person who collects charges or premiums from, or
6 who adjusts or settles claims on, residents of Indiana in connection
7 with life or health coverage or annuities, whether provided for by an
8 insurer or a self-funded plan. The term "administrator" does not include
9 the following persons:
10 (1) An employer for its employees or for the employees of a
11 subsidiary or affiliated corporation of the employer.
12 (2) A union for its members.
13 (3) An insurer, including:
14 (A) an insurer operating a health maintenance organization or
15 a limited service health maintenance organization; and
16 (B) the sales representative of an insurer operating a health
17 maintenance organization or a limited service health

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- 1 maintenance organization when that sales representative is
 2 licensed in Indiana and when it is engaged in the performance
 3 of its duties as the sales representative.
 4 (4) A life or health insurance agent licensed under IC 27-1-15.5
 5 whose activities are limited exclusively to the sale of insurance.
 6 (5) A creditor for its debtors regarding insurance covering a debt
 7 between them.
 8 (6) A trust established under 29 U.S.C. 186 and the trustees,
 9 agents, and employees acting pursuant to that trust.
 10 (7) A trust that is exempt from taxation under Section 501(a) of
 11 the Internal Revenue Code and:
 12 (A) the trustees and employees acting pursuant to that trust; or
 13 (B) a custodian and the agents and employees of the custodian
 14 acting pursuant to a custodian account that meets the
 15 requirements of Section 401(f) of the Internal Revenue Code.
 16 (8) A financial institution that is subject to supervision or
 17 examination by federal or state banking authorities.
 18 (9) A credit card issuing company that advances for and collects
 19 premiums or charges from its credit cardholders as long as that
 20 company does not adjust or settle claims.
 21 (10) An individual who adjusts or settles claims in the normal
 22 course of his practice or employment as an attorney at law, and
 23 who does not collect charges or premiums in connection with life
 24 or health insurance coverage or annuities.
 25 (11) A health maintenance organization that has a certificate of
 26 authority issued under IC 27-13.
 27 (12) A limited service health maintenance organization that has
 28 a certificate of authority issued under IC 27-13.
 29 (b) "Certificate of registration" refers to the certificate required by
 30 section 11 of this chapter.
 31 (c) "Commissioner" refers to the commissioner of insurance.
 32 (d) "Financial institution" means a bank, savings association, credit
 33 union, or any other institution regulated under IC 28 or federal law.
 34 (e) "Insurer" means a person who obtains a certificate of authority
 35 under IC 27-1-3-20.
 36 (f) "Person" means an individual, a corporation, a partnership, a
 37 limited liability company, or an unincorporated association.
 38 (g) "Self-funded plan" means a plan for providing benefits for life,
 39 health, or annuity coverage by a person who is not an insurer.
 40 SECTION 2. IC 27-1-25-7.5 IS ADDED TO THE INDIANA CODE
 41 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 42 1, 1999]: **Sec. 7.5. (a) As used in this section, "administrator"**

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1 means a person that administers claims for health care services
2 under an insurance policy.

3 (b) As used in this section, "health care services" has the
4 meaning set forth in IC 27-8-11-1.

5 (c) As used in this section, "insurance policy" means a policy
6 that provides the kind or kinds of insurance described in class 1(b)
7 or class 2(a) of IC 27-1-5-1 on an individual, group, franchise, or
8 blanket basis or through a preferred provider plan (as defined in
9 IC 27-8-11-1).

10 (d) As used in this section, "insured" means an individual
11 entitled to coverage under an insurance policy.

12 (e) As used in this section, "recode" means to change a code
13 used by a provider of health care services on a claim for covered
14 services provided to an insured to a different classification code
15 using the most current edition of either of the following:

- 16 (1) International Classification of Diseases.
- 17 (2) Current Procedural Terminology.

18 (f) An administrator may not recode a claim unless the
19 administrator provides written notice to the insured and the
20 provider that the administrator has recoded the claim together
21 with:

- 22 (1) the insurer's explanation of benefits to the insured; and
- 23 (2) an explanation of remittance to the provider of the health
24 care services.

25 (g) The notification required under subsection (f) must include
26 at least the following:

- 27 (1) An appropriate ANSI code or other reason code, or both,
28 along with a specific description of the reasons for recoding
29 the claim.
- 30 (2) A toll free number that the provider or the insured may
31 use to contact the administrator to obtain additional
32 information.
- 33 (3) The procedure that a provider may use to submit a request
34 for a review of the initial decision to recode a claim.
- 35 (4) A list of additional information that the provider must
36 submit in a request for a review of the initial decision to
37 recode a claim.

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COMMITTEE REPORT

Mr. President: The Senate Committee on Health and Provider Services, to which was referred Senate Bill No. 289, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 27-1-25-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 1. As used in this chapter:

(a) "Administrator", **except as provided in section 7.5 of this chapter**, means a person who collects charges or premiums from, or who adjusts or settles claims on, residents of Indiana in connection with life or health coverage or annuities, whether provided for by an insurer or a self-funded plan. The term "administrator" does not include the following persons:

- (1) An employer for its employees or for the employees of a subsidiary or affiliated corporation of the employer.
- (2) A union for its members.
- (3) An insurer, including:
 - (A) an insurer operating a health maintenance organization or a limited service health maintenance organization; and
 - (B) the sales representative of an insurer operating a health maintenance organization or a limited service health maintenance organization when that sales representative is licensed in Indiana and when it is engaged in the performance of its duties as the sales representative.
- (4) A life or health insurance agent licensed under IC 27-1-15.5 whose activities are limited exclusively to the sale of insurance.
- (5) A creditor for its debtors regarding insurance covering a debt between them.
- (6) A trust established under 29 U.S.C. 186 and the trustees, agents, and employees acting pursuant to that trust.
- (7) A trust that is exempt from taxation under Section 501(a) of the Internal Revenue Code and:
 - (A) the trustees and employees acting pursuant to that trust; or
 - (B) a custodian and the agents and employees of the custodian acting pursuant to a custodian account that meets the requirements of Section 401(f) of the Internal Revenue Code.
- (8) A financial institution that is subject to supervision or examination by federal or state banking authorities.

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(9) A credit card issuing company that advances for and collects premiums or charges from its credit cardholders as long as that company does not adjust or settle claims.

(10) An individual who adjusts or settles claims in the normal course of his practice or employment as an attorney at law, and who does not collect charges or premiums in connection with life or health insurance coverage or annuities.

(11) A health maintenance organization that has a certificate of authority issued under IC 27-13.

(12) A limited service health maintenance organization that has a certificate of authority issued under IC 27-13.

(b) "Certificate of registration" refers to the certificate required by section 11 of this chapter.

(c) "Commissioner" refers to the commissioner of insurance.

(d) "Financial institution" means a bank, savings association, credit union, or any other institution regulated under IC 28 or federal law.

(e) "Insurer" means a person who obtains a certificate of authority under IC 27-1-3-20.

(f) "Person" means an individual, a corporation, a partnership, a limited liability company, or an unincorporated association.

(g) "Self-funded plan" means a plan for providing benefits for life, health, or annuity coverage by a person who is not an insurer."

Page 1, line 3, delete "'downcode" means to" and insert **""administrator" means a person that administers claims for health care services under an insurance policy."**

Page 1, delete lines 4 through 8.

Page 2, line 1, delete "'insurer" means a person that issues" and insert **""recode" means to change a code used by a provider of health care services on a claim for covered services provided to an insured to a different classification code using the most current edition of either of the following:**

(1) International Classification of Diseases.

(2) Current Procedural Terminology."

Page 2, delete line 2.

Page 2, line 3, delete "downcode" and insert **"recode"**.

Page 2, line 3, delete ", before" and insert **"the administrator provides written notice to the insured and the provider that the administrator has recoded the claim together with:**

(1) the insurer's explanation of benefits to the insured; and

(2) an explanation of remittance to the provider of the health care services.

(g) The notification required under subsection (f) must include



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at least the following:

- (1) An appropriate ANSI code or other reason code, or both, along with a specific description of the reasons for recoding the claim.
- (2) A toll free number that the provider or the insured may use to contact the administrator to obtain additional information.
- (3) The procedure that a provider may use to submit a request for a review of the initial decision to recode a claim.
- (4) A list of additional information that the provider must submit in a request for a review of the initial decision to recode a claim."

Page 2, delete lines 4 through 42.

Delete page 3.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 289 as introduced.)

MILLER, Chairperson

Committee Vote: Yeas 9, Nays 0.

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